

# Caribbean Region: Issues in U.S. Relations

Updated October 27, 2006

Congressional Research Service

<https://crsreports.congress.gov>

RL32160

## Summary

With some 34 million people and 16 independent nations sharing an African ethnic heritage, the Caribbean is a diverse region that includes some of the hemisphere's richest and poorest nations. The region consists of 13 island nations, from the Bahamas in the north to Trinidad and Tobago in the south; Belize, which is geographically located in Central America; and the two nations of Guyana and Suriname, located on the north central coast of South America. With the exception of Cuba and Haiti, regular elections in the region are the norm, and for the most part have been free and fair. Nevertheless, while many Caribbean nations have long democratic traditions, they are not immune to threats to their political stability, including terrorism. Many nations in the region experienced economic decline in 2001-2002 due to downturns in the tourism and agriculture sectors. Most Caribbean economies have rebounded since 2003, although the extensive damage resulting from several storms in 2004 caused economic difficulties for several countries.

U.S. interests in the Caribbean are diverse, and include economic, political, and security concerns. The Bush Administration describes the Caribbean as America's "third border," with events in the region having a direct impact on the homeland security of the United States. It maintains that Caribbean nations are "vital partners on security, trade, health, the environment, education, regional democracy, and other hemispheric issues."

The U.S.-Caribbean relationship is characterized by extensive economic linkages, cooperation on counter-narcotics efforts and security, and a sizeable U.S. foreign assistance program. U.S. aid supports a variety of projects to strengthen democracy, promote economic growth and development, alleviate poverty, and combat the AIDS epidemic in the region. In the aftermath of several devastating storms in 2004, Congress approved \$100 million in emergency supplemental funding (P.L. 108-324) to support humanitarian efforts and reconstruction in Haiti, Grenada, and Jamaica. Despite close U.S. relations with most Caribbean nations, there has been tension at times in the relationship. For example, relations with Caribbean nations became strained in the aftermath of the departure of Haitian President Jean Bertrand Aristide from power in February 2004. More recently, Caribbean nations that depend on tourism are concerned about the potential negative economic effects of a new U.S. requirement, as of January 8, 2007, for U.S. citizens traveling by air to the Caribbean (as well as to Canada and Mexico) to hold a passport.

This report deals with broader issues in U.S. relations with the Caribbean, including foreign assistance, anti-drug trafficking and anti-money laundering cooperation, support to combat the HIV/AIDS epidemic in the region, and security concerns such as port security and border security efforts. It does not include an extensive discussion of Haiti and Cuba. U.S. policy toward these Caribbean nations is covered in the following products: CRS Report RL32294, *Haiti: Developments and U.S. Policy Since 1991 and Current Congressional Concerns*, by Maureen Taft-Morales and Clare Ribando Seelke; and CRS Report RL32730, *Cuba: Issues for the 109<sup>th</sup> Congress*, by Mark P. Sullivan.

## Contents

Most Recent Developments.....	1
Conditions in the Region.....	1
Overview of U.S.-Caribbean Relations.....	3
U.S. Foreign Assistance.....	5
Drug Trafficking and Money Laundering Issues.....	7
Trade Issues.....	9
Movement Toward Free Trade.....	10
Third Border Initiative and Security Issues.....	11
Crime.....	13
Caribbean Energy Security.....	13
HIV/AIDS in the Caribbean.....	14
Hurricanes and Tropical Storms.....	16
U.S. Humanitarian and Reconstruction Assistance.....	17
Legislative Initiatives in the 109 <sup>th</sup> Congress.....	18
Caribbean-American Heritage Month.....	18
Afro-Descendant Communities.....	18
Social Investment and Economic Development Fund.....	19
Debt.....	19
Education.....	19
Document Requirements.....	19
Trade.....	19
Port Security.....	20
HIV/AIDS.....	20
Tsunami Detection and Warning.....	20
Commercial Whaling.....	20
Cuba.....	20
Guyana.....	21
Haiti.....	21
Jamaica.....	21
Montserrat.....	21
For Additional Reading.....	21

## Figures

Figure 1. Caribbean Region.....	27
---------------------------------	----

## Tables

Table 1. Caribbean Countries: Basic Facts.....	22
Table 2. Caribbean Leaders and Elections.....	23
Table 3. U.S. Imports from Caribbean Countries.....	23
Table 4. U.S. Exports to Caribbean Countries.....	24

Table 5. U.S. Foreign Assistance to the Caribbean, FY2003-FY2007 .....	25
Table 6. U.S. Foreign Assistance to the Caribbean FY2006 Estimates and FY2007 Requests .....	25

## **Contacts**

Author Information.....	28
-------------------------	----

## Most Recent Developments

On October 4, 2006, the President signed into law the FY2007 Department of Homeland Security Appropriations Act (P.L. 109-295, H.R. 5441), which has a provision (Section 546) extending the deadline requiring U.S. citizens traveling by land or sea between the United States and the Caribbean (as well as Canada, Mexico, and Central and South America) to have passports or other documents denoting identity and citizenship. The deadline was extended from January 1, 2008, to June 1, 2009, or earlier if the Secretary of State and Secretary of Homeland Security jointly certify certain criteria regarding the new document or passport card being developed. A deadline of January 8, 2007, remains in place for U.S. citizens to have passports for travel by air between the United States and the Caribbean (as well as Canada and Mexico.)

On August 28, 2006, Guyana held national elections in which President Bharrat Jagdeo was re-elected with almost 55% of the vote. Some observers had anticipated political violence, but the elections were the most peaceful and orderly in recent history, according to the Carter Center, which observed the elections.

On July 3, 2006, Haiti's participation in the Caribbean Community (CARICOM) was formally reinstated at the organization's summit in St. Kitts and Nevis. Haiti's participation had been suspended after the departure of President Jean Bertrand Aristide from power in February 2004.

On June 12, 2006, the House approved H.Res. 792 (Meeks) by voice vote, recognizing the 40<sup>th</sup> anniversary of Guyana's independence and extending best wishes to Guyana for peace and further development, progress, and prosperity.

On April 22, 2006, Guyana's Agriculture minister, along with his two siblings and a security guard, were shot and killed in an apparent robbery.

On April 12, 2006, U.S. and CARICOM trade officials meeting in Washington began preliminary exploration of a potential free trade agreement. The officials also agreed to revitalize a dormant U.S.-CARICOM Trade and Investment Council that had originally established in the early 1990s.

On March 30, 2006, Portia Simpson Miller was sworn in as Jamaica's first female Prime Minister. She replaced outgoing Prime Minister P.J. Patterson as the leader of the ruling People's National Party who had governed since 1992.

On March 22, 2006, Secretary of State Condoleezza Rice met with CARICOM foreign ministers in Nassau, Bahamas. She maintained that the United States wants to deepen its relations with the region and called for support for the new democratically elected government in Haiti.

On February 14, 2006, the Senate approved H.Con.Res. 71 (Lee), by unanimous consent, expressing the sense of Congress that there should be established a Caribbean-American Heritage Month. (The House had approved the resolution on June 27, 2005.) Subsequently, on June 5, 2006, President Bush proclaimed June as Caribbean-American Heritage Month.

## Conditions in the Region

The Caribbean, encompassing 16 independent nations, is a diverse region of some 34 million people that includes some of the hemisphere's richest and poorest nations (see **Table 1**). The region consists of 13 island nations, from the Bahamas in the north to Trinidad and Tobago in the south; Belize, which is geographically located in Central America; and the two nations of Guyana and Suriname, located on the north central coast of South America. Many countries in the region share a common African ethnic and British colonial heritage, while Cuba and the Dominican

Republic were Spanish colonies, Haiti was French, and Suriname was Dutch. The dates of independence of these countries range from Haiti in 1804 to St. Kitts and Nevis in 1983. The largest nations in terms of land area are Guyana and Suriname, while those with the largest populations are Cuba, the Dominican Republic, and Haiti. The island nations of the Eastern Caribbean are among the smallest countries in the world. Politically, all Caribbean nations, with the exception of communist Cuba, have elected democratic governments. Most of the former British colonies have parliamentary forms of government, with the exception of Guyana, the Dominican Republic, Haiti, and Suriname, which are republics headed by presidents.

In terms of regional integration, 14 of the region's independent nations belong to the Caribbean Community (CARICOM), with the exception of the Dominican Republic (which has observer status) and Cuba. CARICOM was formed in 1973 to spur regional economic integration. Some critics argue that it has been slow to promote integration, compared to other regional economic groupings, but progress has been made in moving toward a single economic market and in establishing a Caribbean Court of Justice. In addition to CARICOM, six Eastern Caribbean nations are members of the Organization of Eastern Caribbean States (OECS), the subregional organization designed to stimulate economic integration and foreign policy harmonization. The six OECS nations also share a common currency, the Eastern Caribbean dollar, with monetary policy managed by the Eastern Caribbean Central Bank. The Caribbean Development Bank (CDB), headquartered in Barbados, promotes economic development and regional integration.

With the exception of Cuba and Haiti, regular elections have been the norm, and for the most part have been free and fair. In 2005, Dominica and Suriname held elections in May, and St. Vincent and the Grenadines held elections in December. Haiti was expected to hold elections in 2005, but significant problems and political instability resulted in those elections being postponed several times, until they were ultimately held on February 7, 2006. Guyana was scheduled to have presidential elections before the constitutional deadline of August 4, 2006, but the Guyana Elections Commission decided in April to postpone the elections in order to provide more time to improve the accuracy of the electoral register. Successful elections ultimately were held on August 28, 2006, without the political violence that some observers had anticipated. Looking ahead, parliamentary elections are due in St. Lucia by December 2006, while elections in the Bahamas, Jamaica, and Trinidad and Tobago are due in 2007. (See **Table 2** for a listing of leaders and elections for head of government.)

Although many Caribbean nations have maintained long democratic traditions, they are not immune from terrorist and other threats to their political stability. In 1993, stability on St. Kitts was threatened following violent protests after disputed elections; order was restored with the assistance of security forces from neighboring states. In 1990, the government of Trinidad and Tobago was endangered by a coup attempt by a radical Muslim sect. Earlier in the 1980s, the government of Eugenia Charles in Dominica was threatened by a bizarre coup plot involving foreign mercenaries. And of course, Grenada, under the socialist-oriented government of Maurice Bishop, experienced a break from the democratic norm after it assumed power in a nearly bloodless coup in 1979 and installed a people's revolutionary government. After the violent overthrow and murder of Bishop in 1983, the United States intervened to restore order and end the Cuban presence on the island.

Many Caribbean nations experienced an economic slump in 2001-2002 due to downturns in the tourism and agriculture sectors, although most Caribbean economies have rebounded since 2003. Countries that depend on tourism were hurt by the aftermath of the September 2001 terrorist attacks in the United States and the subsequent U.S. economic recession and sluggish recovery. The banana and sugar sectors in the Eastern Caribbean were damaged by a tropical storm in 2002 and a drought in 2003. Both sectors face uncertain futures in light of the European Union's plan

to phase out preferred market access from former Caribbean colonies for bananas by 2006 and for sugar by 2009. The Haitian economy experienced decline beginning in 2001, with political instability exacerbating already difficult economic conditions in the hemisphere's poorest nation. The strongest performing economies in recent years have been those of the Dominican Republic, fueled by the apparel sector, and Trinidad and Tobago, with substantial energy resources. In 2003, however, the Dominican economy experienced a decline in economic growth due to the financial strains caused by the collapse of one of the largest domestic banks.

In 2004 and 2005, the region's strongest economic performers averaging growth rates over 5% for those two years, were Antigua and Barbuda, Cuba, the Dominican Republic, St. Kitts, St. Lucia, Suriname, and Trinidad and Tobago. Those countries not faring well in 2004 because of devastating hurricanes and tropical storms included Haiti, with a 3.5%% decline in gross domestic product (GDP), and Grenada, with a GDP decline of 3%. For 2005, however, Grenada's economy rebounded with growth over 5%, while Haiti's growth was 1.8%. In Guyana, economic growth has been stagnant or minimal over the past several years. In 2005, the economy declined 3% because of high oil prices and floods, which early in the year severely affected agriculture and mining activities.<sup>1</sup>

Overall, concern that rising oil prices could cause an economic setback for some countries has been alleviated to some extent by Venezuela's new subsidized oil program for Caribbean countries known as PetroCaribe. Nevertheless, some observers have also been concerned about the region's high level of public debt, with several Caribbean nations having debt levels that exceed 100% of their GDP.<sup>2</sup>

## Overview of U.S.-Caribbean Relations

U.S. interests in the Caribbean are diverse, and include economic, political, and security concerns. During the Cold War, security concerns tended to eclipse other policy interests. In the aftermath of the Cold War, other U.S. policy interests emerged from the shadow of the East-West conflict in the Caribbean that focused on concerns about the Soviet and Cuban threat. U.S. policy priorities shifted from one emphasizing security concerns to a new focus on strengthened economic relations through trade and investment. Today, in the aftermath of the September 2001 terrorist attacks in the United States, security concerns have re-emerged as a major U.S. interest in the Caribbean. The Administration describes the Caribbean as America's "third border," with events in the region having a direct impact on the homeland security of the United States. It describes Caribbean nations as "vital partners on security, trade, health, the environment, education, regional democracy, and other hemispheric issues."<sup>3</sup>

The United States has close relations with most Caribbean nations, with the exception of Cuba under Fidel Castro. The U.S.-Caribbean relationship is characterized by extensive economic linkages, cooperation on counter-narcotics efforts and security, and a sizeable U.S. foreign assistance program supporting a variety of projects to strengthen democracy, promote economic growth and development, alleviate poverty, and combat the AIDS epidemic in the region. The region has had preferential treatment of its exports to the U.S. market since the early 1980s, and U.S. efforts are now focused on helping the region prepare for hemispheric free trade.

<sup>1</sup> U.N. Economic Commission for Latin America and the Caribbean (ECLAC), *Economic Survey of Latin American and the Caribbean, 2005-2006*, July 2006.

<sup>2</sup> "Organization of Eastern Caribbean States, Country Report," Economist Intelligence Unit, September 2006.

<sup>3</sup> U.S. Department of State, *Congressional Budget Justification, Foreign Operations, FY2006*, "Third Border Initiative," p. 548.



Despite close U.S. relations with most Caribbean nations, there has been tension at times in the relationship. For example, relations between Caribbean Community (CARICOM) nations and the United States became strained in the aftermath of the departure of President Jean Bertrand Aristide from power in February 2004. CARICOM nations called for an investigation into the circumstances surrounding Aristide's departure, and Haiti's participation in CARICOM was suspended. After Haiti held elections in February 2006 leading to the inauguration of Rene Preval as president, CARICOM subsequently reinstated Haiti's participation in CARICOM at their July 2006 summit.

Caribbean nations that depend on tourism such as Jamaica and the Bahamas are concerned about the potential negative effects on tourism in the region because of a new U.S. passport requirement, as of January 8, 2007, for U.S. citizens traveling by air to the Caribbean, as well as to Canada and Mexico. (The deadline for the Caribbean originally had been set for December 31, 2005, and applied to air and sea travel.) The new requirement was mandated by the Intelligence Reform and Terrorism Prevention Act of 2004 (P.L. 108-458). The deadline for U.S. citizens traveling by land and sea to the Caribbean, as well as to Canada and Mexico, had been set for January 1, 2008. In September 2006, however, Congress approved legislation (P.L. 109-295, Section 546) extending the deadline for requiring passports (or a passport card currently under development) for land or sea travel to June 1, 2009, or earlier if the Secretary of State and Secretary of Homeland Security jointly certify certain criteria regarding the new passport card being developed.

The Caribbean tourism industry fears that the impact of January 8, 2007, air travel passport requirement will be catastrophic for Caribbean economies. Americans do not presently need a passport to travel to several Caribbean islands. For example, in 2005, some 50% of Americans traveling to Jamaica did not have a passport.<sup>4</sup> Caribbean governments also argue that a majority of tourism revenues are derived from tourists arriving by air and maintain that the recent changes in U.S. law providing for a different deadline for sea travel was done to appease cruise ship carriers.<sup>5</sup>

A controversial issue in U.S. relations with the Caribbean has been a World Trade Organization (WTO) complaint filed by Antigua and Barbuda challenging U.S. restrictions on cross-border Internet gambling. Antigua, which has invested in Internet gambling as a means of diversifying its economy, maintains that it has lost millions of dollars because of the U.S. restrictions. In July 2006, the WTO established a dispute resolution panel to determine whether the United States had complied with a 2005 WTO ruling that backed Antigua's claim that the U.S. restrictions violate the United States' market access commitments under the WTO's General Agreement on Trade in Services (GATS). Antigua maintains that the United States has taken no action to comply with the previous ruling.<sup>6</sup> In September 2006, Congress approved legislation to crack down on unlawful Internet gambling (P.L. 109-347, Title VIII, H.R. 4954). CARICOM officials have expressed concerns about the U.S. inaction in the WTO case and told U.S. officials that they consider it a regional Caribbean issue with the United States as opposed to just a U.S. bilateral issue with Antigua and Barbuda.<sup>7</sup> (For more, see CRS Report RL32014, *WTO Dispute Settlement: Status of*

<sup>4</sup> "OECS, Country Report," Economist Intelligence Unit, December 2005, p. 33.

<sup>5</sup> Sean Lengell, "U.S. Rules May Hit Caribbean," *Washington Times*, Oct. 18, 2006; "U.S. Passport Move Will Devastate Caribbean Economy," *BBC Monitoring Latin America*, Oct. 14, 2006.

<sup>6</sup> Esther Lam, "WTO Unveils Revamped Panel to Determine U.S. Compliance in Internet Gambling Case," *International Trade Reporter*, Aug. 24, 2006; and Daniel Pruzin, "WTO Issues Appellate Ruling on Gambling Over Internet," *International Trade Reporter*, Apr. 14, 2005.

<sup>7</sup> "CARICOM Backs Antigua in On-Line Gambling Dispute with USA," *BBC Monitoring Latin America*, Oct. 15, 2006.



*U.S. Compliance in Pending Cases*, by Jeanne J. Grimmett and CRS Report RS22418, *Internet Gambling: Two Approaches in the 109<sup>th</sup> Congress*, by Charles Doyle.)

U.S. relations with Haiti were strained under the government of Jean Bertrand Aristide because of concerns over corruption and human rights, but there has been renewed cooperation with Haiti, first under the interim government that took office in February 2004, and more recently under the newly elected government of President Rene Preval inaugurated in May 2006. The Administration is hoping that an elected government will support the development of functioning institutions and infrastructure and a reduction in violence that will help realize such as goals as improving the human rights situation, reducing poverty, and decreasing narcotics trafficking. Migrant interdiction has been a key component of U.S. policy toward Haiti. (For further on U.S. policy toward Haiti, see CRS Report RL32294, *Haiti: Developments and U.S. Policy Since 1991 and Current Congressional Concerns*, and CRS Report RL33156, *Haiti: International Assistance Strategy for the Interim Government and Congressional Concerns*, both by Maureen Taft-Morales; and CRS Report RS21349, *U.S. Immigration Policy on Haitian Migrants*, by Ruth Ellen Wasem.)

Since the early 1960s, U.S. policy toward Cuba has consisted largely of isolating the island nation through economic sanctions, including a trade embargo. The Bush Administration has essentially continued this policy, although it has further tightened economic sanctions, especially on travel. Another component of U.S. policy consists of support measures for the Cuban people, including private humanitarian donations, U.S.-sponsored radio and television broadcasting to Cuba, and U.S. funding to support democracy and human rights. U.S. immigration policy toward Cuban migrants has been described as a “wet foot/dry foot policy,” with the U.S. Coast Guard interdicting Cuban migrants at sea and returning them to Cuba, while those Cubans who reach shore are generally allowed to apply for permanent resident status. (For further information on policy toward Cuba, see CRS Report RL32730, *Cuba: Issues for the 109<sup>th</sup> Congress*; CRS Report RL33622, *Cuba’s Future Political Scenarios and U.S. Policy Approaches*; CRS Report RL31139, *Cuba: U.S. Restrictions on Travel and Remittances*; all three by Mark P. Sullivan; and CRS Report RS20468, *Cuban Migration Policy and Issues*, by Ruth Ellen Wasem.)

## U.S. Foreign Assistance

The United States has provided considerable amounts of foreign assistance to the Caribbean over the past 25 years. U.S. assistance to the region in the 1980s amounted to about \$3.2 billion, with most concentrated in Jamaica, the Dominican Republic, and Haiti. An aid program for the Eastern Caribbean also provided considerable assistance, especially in the aftermath of the 1983 U.S.-led military intervention in Grenada. In the 1990s, U.S. assistance to Caribbean nations declined to about \$2 billion, or an annual average of \$205 million. Haiti was the largest recipient of assistance during this period, receiving about \$1.1 billion in assistance or 54% of the total. Jamaica was the second largest U.S. aid recipient in the 1990s, receiving about \$507 million, almost 25% of the total, while the Dominican Republic received about \$352 million, about 17% of the total. Eastern Caribbean nations received about \$178 million in assistance, almost 9% of the total. The bulk of U.S. assistance was economic assistance, including Development Assistance, Economic Support Funds, and P.L. 480 food aid. Military assistance to the region amounted to less than \$60 million during the 1990s.

Since FY2000, U.S. aid to the Caribbean region (including FY2006 aid estimates) has amounted to almost \$1.6 billion, because of increased HIV/AIDS assistance to the region (especially to Guyana and Haiti), disaster and reconstruction assistance in the aftermath of several hurricanes and tropical storms in 2004, and increased support for the interim government in Haiti following

the departure of President Jean-Bertrand Aristide from power. Haiti accounted for some 51% of assistance to the Caribbean region during this period. As in the 1990s, the bulk of assistance to the region consisted of economic assistance. With regard to hurricane disaster assistance, Congress appropriated \$100 million in October 2004 in emergency assistance for Caribbean nations (P.L. 108-324), with \$42 million for Grenada, \$38 million for Haiti, \$18 million for Jamaica, and \$2 million for other countries affected by the storms. Overall assistance to the Caribbean amounted to \$393 million in FY2005 and an estimated \$306 million in FY2006 (see **Table 5**).

For FY2007, the Administration has requested about \$322 million in assistance for the Caribbean, with about \$198 million or almost 62% of the total for Haiti, \$35 million for the Dominican Republic, \$31 million for Guyana, and almost \$17 million for Jamaica. Assistance to the small nations of the Eastern Caribbean (Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines) is provided through USAID's Caribbean Regional program, which also funds some region-wide projects; for FY2007, the Administration requested \$11.6 million for the program. The Eastern Caribbean would also receive about \$1.5 million in military assistance and \$3.2 million to support a Peace Corps presence. The request of \$3 million for the "Third Border Initiative" (TBI) would fund regional projects for the 14-nation Caribbean Community (CARICOM) plus the Dominican Republic that focus on improving travel and border security in the region, disaster preparedness, and greater business competitiveness. A request of \$4 million for Operation Enduring Friendship, a military assistance program, would support efforts to increase maritime security in the Dominican Republic, Honduras, Panama, the Bahamas, and Jamaica. (See **Tables 5 and 6**).

Looking ahead to future years, several Caribbean nations are potential recipients for Millennium Challenge Account (MCA) assistance, an initiative to target foreign assistance to countries with strong records of performance in the areas of governance, economic policy, and investment in people. Although Haiti and Guyana have been candidate countries potentially eligible for MCA funds since FY2004 (because of low per capita income levels), neither country has been approved to participate in the program because they have not met MCA performance criteria. Guyana, however, was designated an MCA threshold country for FY2005 and FY2006 and could be approved in future years for MCA funding. In FY2006, the per capita income level for MCA-eligibility increased to \$3,255 or below, and as a result, three additional Caribbean countries—the Dominican Republic, Jamaica, and Suriname—became potentially eligible for MCA funding but ultimately were not approved for participation. For FY2007, the same five Caribbean countries—Haiti, Guyana, the Dominican Republic, Jamaica, and Suriname—are listed by the Millennium Challenge Corporation (MCC) as potential candidates for MCA funding. (For additional information see CRS Report RL32427, *Millennium Challenge Account*, by Curt Tarnoff.)

One obstacle in the provision of U.S. military assistance to the Caribbean has been that several Caribbean nations that are parties to the International Criminal Court (ICC) have not signed agreements to exempt Americans from ICC prosecution, so-called "Article 98 agreements." Pursuant to the American Servicemembers' Protection Act (ASPA, P.L. 107-206, title II), U.S. military assistance is prohibited to countries that are parties to the ICC and do not have Article 98 agreements. In July 2003, the Administration announced the termination of military assistance to six Caribbean nations: Antigua and Barbuda, Barbados, Belize, Dominica, St. Vincent and the Grenadines, and Trinidad and Tobago. Subsequently, Antigua and Barbuda signed an Article 98 agreement in September 2003; Belize signed one in December 2003; and Dominica signed one in May 2004. This leaves Barbados, St. Vincent, and Trinidad and Tobago as the three Caribbean countries forgoing U.S. military assistance because of the ASPA sanction. Trinidad and Tobago, which played a leading role in the establishment of the ICC, has strongly resisted signing an

agreement, as has Barbados. (For additional information see CRS Report RL33337, *Article 98 Agreements and Sanctions on U.S. Foreign Aid to Latin America*, by Clare Ribando Seelke.)

## Drug Trafficking and Money Laundering Issues

Because of their geographic location, many Caribbean nations are transit countries for cocaine and heroin from South America destined for the U.S. and European markets. In addition, two Caribbean nations—Jamaica and St. Vincent and the Grenadines—are large producers and exporters of marijuana. Of the 16 countries in the Caribbean region, President Bush in September 2006 designated four of them as major drug-producing or drug-transit countries pursuant to annual legislative drug certification requirements: the Bahamas, the Dominican Republic, Haiti, and Jamaica. The President urged the new government in Haiti to strengthen law enforcement and the judiciary to bring drug trafficking and crime under control.<sup>8</sup>

All four designated Caribbean countries are major transit countries for illicit drugs to the U.S. market, and Jamaica is the largest marijuana producer and exporter in the Caribbean. The Bahamas cooperates extensively with the United States on counternarcotics measures, including interdiction efforts through Operation Bahamas and Turks and Caicos (OPBAT), a multinational interdiction effort, and efforts that target Bahamian drug trafficking organizations. The Dominican Republic, a major transit country for both cocaine and heroin, cooperates closely with the United States, although the State Department's March 2006 *International Narcotics Control Strategy Report* notes that "corruption and weak governmental institutions remained an impediment to controlling the flow of illegal narcotics" through the country. Jamaican cooperation with U.S. law enforcement agencies on counternarcotics efforts is described by the State Department report as excellent in most cases, although it maintains that the government needs to further intensify its law enforcement efforts and enhance international cooperation. In Haiti, anti-drug efforts have been hampered over the years by weak institutions, poor economic conditions, and political instability. Under the interim government, the country's continued economic and political crises resulted in little attention to counternarcotics efforts, according to the State Department, but a new Director General of the Haitian National Police reportedly has worked to combat drug-related crime and police corruption.

Many other Caribbean nations, while not designated major transit countries, are still vulnerable to drug trafficking and associated crimes because of their geographic location. In particular, the State Department's March 2006 report maintains that such crimes have the potential to threaten the stability of the small states of the Eastern Caribbean, and to varying degrees, have damaged civil society in some of these countries. Given the poor outlook for the banana industry in the Caribbean, some observers believe that it will be difficult to contain marijuana production unless there is adequate support to diversify these economies away from banana production. St. Vincent and the Grenadines is the largest marijuana producer in the Eastern Caribbean.

Efforts to crack down on money laundering also constitute a major component of U.S. anti-drug strategy, and became increasingly important as a counter-terrorist strategy in the aftermath of the September 2001 terrorist attacks in the United States. The State Department's list of major money laundering countries (also categorized as "jurisdictions of primary concern") includes six Caribbean countries—Antigua and Barbuda, the Bahamas, Belize, the Dominican Republic, Haiti, and St. Kitts and Nevis—and one British Caribbean dependency, the Cayman Islands. The

---

<sup>8</sup> White House, Press Release, "Memorandum for the Secretary of State: Presidential Determination on Major Drug Transit or Major Illicit Producing Countries for Fiscal Year 2007," Presidential Determination No. 2006-24, Sept. 15, 2006.

Department of State maintains that although Antigua and Barbuda has comprehensive legislation to regulate its financial sector, the country remains vulnerable to money laundering because the sector is loosely regulated and because of its Internet gaming industry. The Bahamas has enacted strong anti-money laundering laws that has made it difficult for drug traffickers to deposit large amounts of cash; as a result, traffickers have begun storing large quantities of cash in safe houses, purchasing real estate, vehicles, and jewelry, and processing money through legitimate businesses and shell companies. In Belize, money laundering is believed to occur primarily in the country's growing offshore financial center. Money laundering in both the Dominican Republic and Haiti stem from their roles as major drug transshipment points. In the Dominican Republic, financial institutions engage in transactions with money derived from illegal drug sales in the United States, with courier and wire transfers the primary methods for moving the funds. St. Kitts and Nevis, according to the State Department, is at major risk for corruption and money laundering because of the high volume of narcotics being trafficked through the country and because of the presence of known traffickers on the islands.

The Financial Action Task Force on Money Laundering (FATF), an inter-governmental body with the objective of combating money laundering and terrorist financing, has published a list of non-cooperative countries and territories in the fight against money laundering since 2000. The FATF evaluative process has been a major factor in Caribbean countries improving their anti-money laundering regimes. Four Caribbean nations and one dependent territory were on the first FATF non-cooperative list issued in 2000: the Bahamas, the Cayman Islands, Dominica, St. Kitts and Nevis, and St. Vincent and the Grenadines. Grenada was added to the list in September 2001. Subsequent actions by all these nations to improve their anti-money laundering regimes resulted in all of them being removed from the list by June 2003. The Bahamas and the Cayman Islands were removed from the list in June 2001; St. Kitts and Nevis in June 2002; Dominica in October 2002; Grenada in February 2003; and St. Vincent in June 2003. Once a nation is removed from the list, the FATF continues to monitor developments in the country to ensure compliance.

Some Caribbean officials and others have complained that pressure to strengthen and enforce anti-money laundering regimes in the region will have a detrimental effect on its offshore financial sectors. They maintain that the anti-money laundering measures required have been indiscriminate and constitute an attack on legitimate business conducted in the small financial sectors of the region. In particular, after the U.S. congressional passage of new anti-money laundering provisions in the USA PATRIOT Act (P.L. 107-56, Title III), approved in the aftermath of the September 11 terrorist attacks, some feared that the stricter scrutiny of transactions between U.S. and Caribbean financial institutions would threaten the offshore financial industry in the Caribbean.<sup>9</sup> The act's anti-money laundering provisions include a prohibition on U.S. correspondent accounts with shell banks (banks that have no physical presence in the chartering country) and tighter bank record keeping requirements.

Some observers maintain that the strengthening of anti-money laundering regimes in the Caribbean will have the end result of increasing the attractiveness of the region's offshore financial sectors for legitimate business transactions. According to this view, such efforts as the FATF evaluative process and the newer anti-money laundering measures under the PATRIOT Act will help change the reputation of the Caribbean as being a haven for money launderers and tax evaders.

<sup>9</sup> For example, see "Barbados—Weighed Down by Money Laundering Controls—Bankers and Government Officials Are Worried that Hasty Decisions in the War Against Money Laundering Could Threaten the Financial Services Industry in Small Jurisdictions Like Barbados," *The Banker*, July 1, 2003; "U.S. Lawmaker: Antiterror Laws May Hurt Offshore Banking," *Dow Jones International News*, Jan. 5, 2003.

## Trade Issues

The United States has offered a one way duty-free preferential trade arrangement for a wide range of products from Caribbean Basin nations since the early 1980s as an incentive for increased investment and export production in the region. In 1983, Congress enacted the Caribbean Basin Economic Recovery Act (CBERA) (P.L. 98-67), the centerpiece of a broader U.S. foreign policy initiative known as the Caribbean Basin Initiative (CBI) linking Central America and Caribbean nations together under one preferential trade program. The CBERA allowed duty-free importation of many categories of products with certain exceptions. Most apparel and textile goods were ineligible under the CBERA, but in the late 1980s imports of apparel from CBERA countries that were assembled from U.S. components were eligible for reduced duties. These production-sharing arrangements boosted the apparel sectors of several Caribbean Basin countries, including most significantly the Dominican Republic. In 1990, Congress enacted so-called CBI II legislation, the Caribbean Basin Economic Recovery Expansion Act of 1990 (P.L. 101-382, Title II), that enhanced the benefits of CBERA and made its provisions permanent.

Congress approved the Caribbean Basin Trade Partnership Act (CBTPA) (P.L. 106-200, Title II) in 2000, which expanded preferential tariff treatment for Caribbean Basin nations, providing them with NAFTA-like tariff treatment. This includes preferential treatment for qualifying textile and apparel products. The CBTPA benefits are scheduled to expire in September 2008, or upon entry into force of the Free Trade Area of the Americas, whichever comes first. Of the 15 independent Caribbean countries eligible for CBTPA benefits (Cuba is not eligible), only 8 have been designated to participate in the program because they fully meet the eligibility criteria<sup>10</sup> set forth in the CBTPA. Belize, the Dominican Republic, Haiti, and Jamaica were designated in October 2000; Guyana was designated in November 2000; Trinidad and Tobago was designated in February 2001; and Barbados and St. Lucia were designated in June 2001. The remaining Caribbean countries continue to benefit from the CBERA program, with the exception of Cuba, which is not eligible, and Suriname, a former Dutch colony which has never elected to participate in the CBI trade program.

Since the United States first implemented a preferential trade program for Caribbean Basin imports in 1984, the overall performance of exports has been mixed (see **Table 3**). The Dominican Republic has been the Caribbean country that has benefitted most from the program, and its apparel sector expanded significantly because of production-sharing arrangements. Overall U.S. imports from the Caribbean (not including Central America) amounted to about \$4.8 billion in 1984 and to about \$14.5 billion in 2005, an increase of about \$9.7 billion. The Dominican Republic accounted for \$3.6 billion of the increase. Trinidad and Tobago, an oil and gas exporter, increased its exports destined for the United States from \$1.4 billion in 1984 to about \$7.9 billion in 2005. For other Caribbean nations, however, such as Haiti and the Bahamas, overall exports to the United States have declined or been stagnant since the early 1980s. Bahamian exports to the United States fell when the country's oil refinery closed in 1985; the country's economy remains based on tourism and financial services.

U.S. exports to the Caribbean region (including agricultural exports to Cuba, which have been allowed since late 2001<sup>11</sup>) rose from \$8.9 billion in 2001 to \$12.3 billion in 2005 (see **Table 4**). Four Caribbean countries—Dominican Republic, Trinidad and Tobago, Jamaica, and the

<sup>10</sup> The criteria cover a wide spectrum of issues, including WTO obligations; intellectual property rights; worker rights; child labor; and counter-narcotics, anti-corruption, and transparency efforts.

<sup>11</sup> For further background on U.S. agricultural exports to Cuba, see CRS Report RL33499, *Exempting Food and Agriculture Products from U.S. Economic Sanctions: Status and Implementation*; and CRS Report RL32730, *Cuba: Issues for the 109<sup>th</sup> Congress*.



Bahamas—are the destination for the lion’s share of U.S. exports to the region. In 2005, U.S. exports to these four countries accounted for 78% of total U.S. exports to the Caribbean. The United States ran a trade deficit of almost \$2.2 billion with the Caribbean in 2005, largely because of and natural gas imports from Trinidad and Tobago. For all other Caribbean nations, the United States ran a significant trade surplus.

## Movement Toward Free Trade

All Caribbean nations with the exception of Cuba are participating in the negotiations for a Free Trade Area of the Americas (FTAA), although negotiations for that agreement have been stalled since 2004.<sup>12</sup> Within CARICOM, while some governments, like Trinidad and Tobago, are enthusiastic about the FTAA, other Caribbean governments, especially the smaller countries of the region, have reservations about the FTAA and its impact on the region. While participating in the FTAA negotiations, Caribbean nations argue for special and differential treatment for small economies, including longer phase-in periods. CARICOM has also called for a Regional Integration Fund to be established that would help the smaller economies meet their needs for human resources, technology, and infrastructure.

In the meantime, CARICOM, which often has been criticized for acting too slowly, is trying to prepare itself for hemispheric integration by moving ahead with its own regional integration. In April 2005, CARICOM members established the Caribbean Court of Justice, headquartered in Port-of-Spain in Trinidad and Tobago, that will serve as region’s final court of appeal and replace the Privy Council based in London. The Court is expected to play an important role in the region’s economic integration by ruling on trade disputes in the CARICOM Single Market and Economy (CSME).

The CSME allows for the free movement of goods, services, and capital. It became operational in January 2006, with Barbados, Jamaica, and Trinidad leading the way in moving ahead with its implementation. By July 2006, 12 out of 14 CARICOM nations had joined the CSME, with the exception of the Bahamas and Haiti. Eastern Caribbean nations were enticed to join in part by a decision to establish a regional Development Fund and Development Agency (to be operational by July 2007) for poorer or disadvantaged countries. Some observers have expressed skepticism that the CSME will have a significant impact on Caribbean economies since intra-CARICOM trade is small.<sup>13</sup> Barbadian Prime Minister Owen Arthur, however, asserted in early October 2006, that the CSME has already increased his country’s regional exports as well as job and investment opportunities for its citizens.<sup>14</sup>

On April 12, 2006, U.S. and CARICOM trade officials meeting in Washington began exploring the possibility of a free trade agreement, although Caribbean ministers reportedly maintained that they would only negotiate such an agreement if it included extensive transition periods for Caribbean nations.<sup>15</sup> The officials also agreed to revitalize a dormant Trade and Investment Council that had originally been established in the early 1990s. The council will be the mechanism used to continue exploratory talks on an FTA as well as other trade and investment issues.

<sup>12</sup> For background and status of the FTAA negotiations, see CRS Report RS20864, *A Free Trade Area of the Americas: Major Policy Issues and Status of Negotiations*, by J. F. Hornbeck.

<sup>13</sup> “Organization of Eastern Caribbean States, Country Report,” Economist Intelligence Unit, September 2006, p. 26.

<sup>14</sup> “PM Says Barbados Benefitting From Single Caribbean Market Already,” *BBC Monitoring Latin America*, Oct. 6, 2006.

<sup>15</sup> “CARICOM Members Seek Special Treatment in FTA Talks with U.S.,” *Inside U.S. Trade*, Apr. 14, 2006.

The Dominican Republic and the United States completed negotiations for a Free Trade Agreement on March 15, 2004, that was ultimately integrated with a free trade agreement negotiated with Central American countries. Ultimately, Congress approved legislation (P.L. 109-53) in July 2005 implementing the U.S.-Dominican Republic-Central America Free Trade Agreement (DR-CAFTA). The agreement had faced political uncertainty in Congress because of divergent U.S. views on relaxing trade rules for sensitive agricultural and textile imports and on labor provisions. The Dominican Republic views the agreement as a means of ensuring the continuation of U.S. preferential treatment for textiles and apparel and a means to attract U.S. investment. The Bush Administration views the agreement as a way for the region to help create jobs, attract foreign investment, and advance good governance. (For further information, see CRS Report RL31870, *The Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR)*, by J. F. Hornbeck.)

In the 109<sup>th</sup> Congress, two identical bills referred to as the Caribbean Basin Trade Enhancement Act of 2005—H.R. 1213 (Hyde), introduced March 10, 2005, and S. 704 (Martinez), introduced April 5, 2005—would authorize up to \$10 million in FY2006 for the Organization of American States (OAS) to establish a Center for Caribbean Basin Trade and up to \$10 million for the OAS to establish a skills-training program for Caribbean Basin countries.

## Third Border Initiative and Security Issues

As first announced by President Bush at the April 2001 Summit of the Americas, the “Third Border Initiative” (TBI) had the goals of deepening cooperation in fighting the spread of HIV/AIDS, responding to natural disasters, and making sure the benefits of globalization are felt in even the smallest economies. The Caribbean was described as an often overlooked “third border,” where illegal drug trafficking, migrant smuggling, and financial crime threaten U.S. and regional security interests. The initiative consisted of a package of programs to enhance diplomatic, economic, health, education, and law enforcement cooperation and collaboration. Most significantly, the initiative included increased funding to combat HIV/AIDS in the region.<sup>16</sup>

In the aftermath of the September 2001 terrorist attacks in the United States, the Third Border Initiative expanded to focus on issues affecting U.S. homeland security in the fields of administration of justice and security. Economic Support Funds (ESF) under the TBI have been used to help Caribbean airports modernize their safety and security regulations and oversight, which is viewed an important measure to improve the security of visiting Americans. TBI funds have also been used to support border security such as the strengthening of immigration controls; to help Caribbean economies move toward greater competitiveness; and to support an improvement of environmental management.<sup>17</sup> TBI funding amounted to \$3 million in FY2003, almost \$5 million in FY2004, \$8.9 million in FY2005, and an estimated \$2.97 million in FY2006. The FY2007 request for the TBI is for \$3 million. (See **Tables 5 and 6** on U.S. assistance to the Caribbean at the end of this report.)

According to the State Department’s TBI budget request for FY2007, enhancing border security will become of paramount importance in 2007 when eight Caribbean nations (Antigua and Barbuda, Barbados, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, and Trinidad and Tobago) host the Cricket World Cup, an event drawing thousands of visitors from around the

<sup>16</sup> U.S. Department of State, International Information Programs, Washington File, “Fact Sheet: Caribbean Third Border Initiative,” Apr. 21, 2001.

<sup>17</sup> U.S. Department of State. Congressional Budget Justification for Foreign Operations. FY2003-FY2006.



world. In September 2006, CARICOM officials were finalizing a regional security plan for the sporting event, which will be held in March and April 2007.

In addition to the TBI, the United States has also provided support to improve port security in the Caribbean region, with the objective of helping ports comply with the more stringent set of maritime regulations embodied in new International Ship and Port Facility Security (ISPS) Code, which went into effect on July 1, 2004. The ISPS is a set of maritime regulations for ships and port facilities with the objective of preventing terrorist incidents. There has been concern among Caribbean nations about the high cost of implementing these security regulations. Some of the larger, richer countries in the Caribbean will be better equipped to afford these extra security costs, while some of the smaller and poorer nations will have difficulty coming into compliance.

The U.S. Coast Guard has responsibility for conducting foreign port security assessments to see whether the ports are in compliance with the ISPS standards. Trade sanctions are an option if the port is not in compliance. By November 2004, all Caribbean nations had self-reported that they were in compliance with the more stringent standards of the ISPS Code. The Coast Guard is currently involved in visiting foreign ports worldwide to ensure that security practices are up to standards. The United States has provided some support to help Caribbean nations come into compliance with the ISPS Code: the U.S. Maritime Administration (MARAD) in the Department of Transportation organizes, manages, and implements the Inter-American Port Security Training Program (IAPSTP) for the Organization of American States; the State Department's Bureau for International Narcotics and Law Enforcement Affairs funds a port security technical assistance program for Western Hemisphere countries; and USAID has funded a project specifically for Eastern Caribbean nations to help assess the status of each port's security requirements and its security plans.

Several Caribbean ports are included in the Container Security Initiative (CSI), a program implemented by U.S. Customs and Border Protection of the Department of Homeland Security. The CSI program helps ensure that high-risk containers are identified and inspected at foreign ports before they are placed on vessels for delivery to the United States. In September 2006, three Caribbean ports became operational CSI ports: Caucedo, Dominican Republic; Kingston, Jamaica; and Freeport, Bahamas. Other Latin American ports in the CSI program are the Central American port of Puerto Cortes, Honduras, and the South American ports of Buenos Aires, Argentina, and Santos, Brazil.

In the 108<sup>th</sup> Congress, a legislative initiative called for additional foreign assistance in order to improve foreign port security worldwide, but no final action was completed before the end of the session. The Senate approved the Maritime Transportation Security Act, S. 2279 (Hollings), in September 2004, which would have provided for the Administrator of the Maritime Administration, in coordination with the Secretary of State, to identify foreign assistance programs that could facilitate implementation of port security antiterrorism measures in foreign countries. The act also would have called for a report on the security of ports in the Caribbean Basin, including an assessment of the effectiveness of the measures employed to improved security at such ports and an assessment of the resources and program changes needed to maximize security at Caribbean Basin ports.

In the 109<sup>th</sup> Congress, two bills would provide for foreign assistance programs for Caribbean Basin ports. S. 744 (Nelson, Bill), introduced April 11, 2005, would establish a Caribbean Basin Port Assistance Program. Under the legislative initiative, the Administrator of MARAD in the Department of Transportation, in coordination with the Secretary of State, would identify foreign assistance programs that could facilitate implementation of port security antiterrorism measures at Caribbean Basin ports. The Administrator and the Secretary would establish a program for such assistance in consultation with the Organization of American States. In addition, the Secretary of

Homeland Security would be required to submit a report to Congress on status of port security in Caribbean Basin countries. S. 1052 (Stevens), the Transportation Security Improvement Act of 2005, includes a provision (Section 504) that would establish a program to facilitate implementation of port security antiterrorism measures in foreign countries, with particular emphasis on ports in the Caribbean Basin; this bill was introduced May 17, 2005, and reported by the Senate Committee on Commerce, Science, and Transportation on February 27, 2006 (S.Rept. 109-216); identical provisions are also included in S. 2791 (Stevens), introduced May 11, 2006.

## Crime

Rising crime is a major security challenge throughout the Caribbean. The murder rate in Jamaica continues to soar, with 1,445 people killed in 2004 and more than 1,600 people in 2005. With rate of 60 murders per 100,000 inhabitants in 2005, Jamaica had the highest murder rate in the world.<sup>18</sup> In late February 2006, Jamaicans were shocked over the brutal killings of six family members, including four young children in the western part of the country. High levels of violent crime, including murder and kidnaping, also have plagued Trinidad and Tobago and Haiti. Even smaller Caribbean nations like St. Lucia have experienced a surge in violent crime. On April 22, 2006, Guyana's Agriculture minister, along with his two siblings and a security guard, were shot and killed in an apparent robbery.

Gangs involved in drug trafficking, extortion, and violence are responsible for much of the crime. Some observers believe that criminals deported from the United States have contributed to the region's surge in violent crime in recent years, although some maintain that there is no established link. Jamaica has advocated the development of an international protocol regarding the deportation of criminals.<sup>19</sup>

## Caribbean Energy Security

A major concern for Caribbean nations—the majority of which are net energy importers—has been the rising price of oil and the potential effect of such rising prices on economic growth and social stability. In the Caribbean region, only three nations—Trinidad and Tobago, Cuba, and Barbados—have significant oil and gas reserves. Of these, only Trinidad and Tobago is a major oil and gas producer, accounting for 60% of proven oil reserves and 91% of natural gas reserves in the region. The country is also the largest supplier of liquified natural gas (LNG) to the United States, accounting for 75% of all U.S. LNG imports. Apart from Trinidad and Tobago, Cuba also produces oil, but still imports a majority of its consumption needs. Barbados also produces a small amount of oil, which is refined in Trinidad and Tobago, but it imports 90% of its oil consumption needs.<sup>20</sup>

Venezuela is now offering oil to Caribbean nations on preferential terms in a new program known as PetroCaribe, and there has been some U.S. concern that the program could increase Venezuela's influence in the Caribbean region. Since 1980, Caribbean nations have benefitted from preferential oil imports from Venezuela (and Mexico) under the San Jose Pact, and since 2001, Venezuela has provided additional support for Caribbean oil imports under the Caracas Energy Accord. PetroCaribe, however, would go further with the goal of putting in place a

<sup>18</sup> "Jamaica Named Murder Capital of the World," *BBC Monitoring Americas*, Jan. 2, 2006.

<sup>19</sup> "Jamaica Wants Protocol to Deal with Deportation of Criminals," *BBC Monitoring Americas*, Sept. 24, 2005.

<sup>20</sup> "Caribbean Fact Sheet," U.S. Department of Energy, Energy Information Administration, July 2005.

regional supply, refining, and transportation and storage network, and establishing a development fund for those countries participating in the program. Under the program, Venezuela announced that it would supply 190,000 barrels per day of oil to the region, with countries paying market prices for 50% of the oil within 90 days, and the balance paid over 25 years at an annual rate of 2%. When the price of crude oil is over \$50 a barrel, as it is now, the interest is cut to 1%.<sup>21</sup> To date, 14 Caribbean nations are signatories of PetroCaribe. Barbados, which already receives discounted petroleum rates from Trinidad, has declined to sign the agreement, and Trinidad, which has its own significant energy resources, has declined to sign. (For additional information, see CRS Report RL33693, *Latin America: Energy Supply, Political Developments, and U.S. Policy Approaches*, by Mark P. Sullivan, Rebecca G. Rush, and Clare Ribando Seelke.)

## HIV/AIDS in the Caribbean

The AIDS epidemic in the Caribbean, where infection rates are among the highest outside of sub-Saharan Africa, has already begun to have negative consequences for economic and social development in the region. In 2005, an estimated 300,000 adults and children in the Caribbean were reported to be living with HIV, with the epidemic claiming 24,000 lives during the year, making it the leading cause of death among adults aged 15-44 years. The Caribbean countries with the highest adult prevalence or infection rates were Haiti, with a rate over 3%; the Bahamas, Guyana, and Trinidad and Tobago with rates over 2%; and Barbados, Belize, the Dominican Republic, Jamaica, and Suriname with rates over 1%.<sup>22</sup> In contrast to other parts of Latin America, the mode of transmission in several Caribbean countries has been primarily through heterosexual contact, making the disease difficult to contain, because it affects the general population.

Haiti and the Dominican Republic account for the majority of the region's infected population. The U.S. Agency for International Development (USAID) notes that Haiti's poverty, conflict, and unstable governance have contributed to the rapid spread of AIDS; in some urban areas, HIV infection rates are almost 10%. In both countries, however, there are indications that the epidemic could be reaching a turning point because of prevention efforts.<sup>23</sup>

In Haiti, life expectancy is almost six years lower than it would be without the epidemic, and in the Bahamas and Guyana, the number of deaths among 15-34 year olds is two and one half times higher because of the epidemic.<sup>24</sup> As the epidemic continues, already-strained health systems will be further burdened with new cases of AIDS. As a result of the epidemic, there are some 250,000 AIDS orphans in the Caribbean, with 200,000 of those in Haiti.

Sex tourism is reportedly a factor contributing to rising HIV infection rates in some Caribbean countries. Officials in Trinidad and Tobago have expressed concern about the growth of sex tourism, the so-called "beach bum" phenomenon, and the link to the spread of AIDS.<sup>25</sup> In

<sup>21</sup> "Venezuela: Caribbean Will Receive 190,000 bpd," *Latinnews Daily*, Sept. 8, 2005.

<sup>22</sup> UNAIDS, "AIDS Epidemic Update," December 2005, p. 53.

<sup>23</sup> *Ibid.*, pp. 54-56.

<sup>24</sup> UNAIDS, *Latin America and the Caribbean Fact Sheet*, July 2002.

<sup>25</sup> "Sex Tourism Cause of HIV Spread, Says T&T Minister," *The Weekly Gleaner* (Jamaica), Feb. 19, 2003. The commercial sex industry linked to tourism reportedly is well established in the Caribbean, with increasing male prostitution by so-called "beach boys." See "The Caribbean Regional Strategic Framework for HIV/AIDS," Pan Caribbean Partnership on HIV/AIDS and CARICOM, March 2002, p. 7. Also see Annan Boodram, "The Beach Bum Phenomena," *Caribbean Voice*, Aug. 3, 2002, and Julie Bindel, "The Price of a Holiday Fling," *Guardian* (London), July 5, 2003.

Jamaica, the resort town of Montego Bay has the highest HIV infection rates in the country.<sup>26</sup> In the Dominican Republic, AIDS activists are concerned about child prostitution in resort areas and the spread of HIV.<sup>27</sup>

According to the World Bank, continued increases in HIV prevalence in the Caribbean will negatively affect economic growth. The epidemic, according to the Bank, will have a negative impact on such economic sectors as agriculture, tourism, lumber production, finance, and trade because of lost productivity of economically active adults with the disease. In particular, the labor market in the region will be dealt a shock because of deaths from AIDS. The Prime Minister of St. Kitts and Nevis, Denzil Douglas, maintains that the epidemic threatens to cripple the labor force just as the region needs to become more competitive in world markets amid the momentum toward hemispheric free trade.<sup>28</sup> Looking ahead, the World Bank warned in 2001 that “what happened in Africa in less than two decades could now happen in the Caribbean if action is not taken while the epidemic is in the early stages.”<sup>29</sup>

The U.S. Agency for International Development (USAID) has been the lead U.S. agency fighting the epidemic abroad since 1986. USAID’s funding for HIV/AIDS in Central America and the Caribbean region rose from \$11.2 million in FY2000 to \$33.8 million in FY2003. Because of the inclusion of Guyana and Haiti as focus countries in the President’s Emergency Plan for AIDS Relief (PEPFAR), funded largely through the Global HIV/AIDS Initiative (GHAI) account, U.S. assistance to the Caribbean and Central America for HIV/AIDS increased to \$47 million in FY2004, \$82.5 million in FY2005, and an estimated \$92.7 million in FY2006. For FY2007, the Administration requested \$88 million in GHAI funding for Guyana (\$25 million) and Haiti (\$63 million), and another \$25 million for non-focus countries and programs in Central America and the Caribbean through the Child Survival and Health funding account.

Some Members of Congress want to expand the list of Caribbean countries beyond Guyana and Haiti that were cited in 2003 HIV/AIDS legislation, the United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003 (P.L. 108-25). In the 108<sup>th</sup> Congress, both the House-passed FY2004-FY2005 Foreign Relations Authorization Act, H.R. 1950 (Section 1818), and the Senate Foreign Relations Committee’s reported FY2005 Foreign Relations Authorization Act, S. 2144 (Section 2518), had provisions that would have added 14 Caribbean countries to those listed in the 2003 legislation, but no final action was taken on these measures. In the 109<sup>th</sup> Congress, S. 600, the Foreign Affairs Authorization Act, FY2006 and FY2007, contains a provision (Section 2516) that would add 14 Caribbean countries to the list of focus countries targeted for increased HIV/AIDS assistance.

Other legislative initiatives in the 109<sup>th</sup> Congress include the following: P.L. 109-95 (H.R. 1409, Lee), approved by both houses in October 2005, and signed into law November 8, 2005, amends the Foreign Assistance Act of 1961 to provide assistance for orphans and other vulnerable children in developing countries, including in the Caribbean; H.R. 164 (Millender-McDonald), introduced January 4, 2005, would amend the Foreign Assistance Act of 1961 to provide for the establishment of pediatric centers in certain developing countries, including Guyana, to provide treatment and care for children with HIV/AIDS; and S. 350 (Lugar) and H.R. 945 (Lee), both introduced in February 2005, would provide assistance to combat infectious diseases in Haiti, including HIV/AIDS, and to establish a comprehensive health infrastructure.

<sup>26</sup> “Rising Rate of AIDS in the Caribbean,” *All Things Considered*, National Public Radio, July 2, 2003.

<sup>27</sup> “AIDS Activists Worried Over Child Prostitution in Dominican Republic,” *Boston Haitian Reporter*, Jan. 31, 2003.

<sup>28</sup> “Caribbean Leaders Call AIDS ‘Single Biggest Threat’ to Development, Announce Push for Low-Cost Antiretrovirals,” *Kaiser Daily HIV/AIDS Report*, July 8, 2003.

<sup>29</sup> World Bank, *HIV/AIDS in the Caribbean: Issues and Options*, March 2001, p. xii.

For further information, see CRS Report RL32001, *HIV/AIDS in the Caribbean and Central America*, by Mark P. Sullivan; and CRS Report RL33485, *U.S. International HIV/AIDS, Tuberculosis, and Malaria Spending: FY2004-FY2008*, by Tiaji Salaam-Blyther.

## Hurricanes and Tropical Storms

Since 2004, the Caribbean Basin region has been devastated by numerous storms and floods. Several Caribbean nations—especially Haiti, Grenada, Jamaica, and the Bahamas—were hard hit during the 2004 Atlantic hurricane season. Hurricane Charley struck western Cuba in August 2004, damaging over 70,000 homes and thousands of hectares of crops. Hurricane Frances struck the Bahamas in September 2004, causing widespread damage throughout the country's islands. In the same month, Hurricane Ivan caused severe damage across the Caribbean: it devastated Grenada, damaging some 80% of the nation's housing, and destroying or damaging much of country's public infrastructure; it passed over Jamaica, causing damage in the western part of the island and in southern coastal towns; it struck the British dependency of the Cayman Islands, damaging 50% of the homes on the island of Grand Cayman; and it affected western Cuba, damaging houses and crops. Tropical Storm Jeanne caused devastating mudslides and floods in northern Haiti in September 2004 that killed some 3,000 people, with over 2,800 of those in the city of Gonaives. Another 300,000 Haitians were affected by the loss of homes, livelihoods, and infrastructure.

The 2005 Atlantic hurricane season had an unprecedented 28 named storms, including 15 hurricanes, with six of these—Hurricanes Dennis, Emily, Stan, Wilma, Beta, and Tropical Storm Gamma—causing widespread damage and more than 800 deaths in Central America and the Caribbean. This surpassed the previous record of 21 named storms in 1933. In early July, Hurricane Dennis heavily damaged central Cuba with floods, tidal surges, and landslides and also affected Haiti's southern peninsula with heavy rains. Later in July, Hurricane Emily passed near Grenada, causing destruction in the northern part of the island that had been spared by Hurricane Ivan in 2004. In early October, Hurricane Stan made landfall near Veracruz, Mexico and generated severe floods in southern Mexico and Central America, especially in Guatemala where more than 600 people were killed. In late October, Hurricane Wilma made landfall in Mexico's Yucatan peninsula, affecting more than 1 million people, while Hurricane Beta caused flooding in Honduras and Nicaragua. Late in the season, Tropical Storm Gamma caused extensive flooding in northern Honduras in November.<sup>30</sup>

The National Oceanic and Atmospheric Administration (NOAA) initially forecast another active season in 2006, with 13-16 named storms. Of these, 8-10 were predicted to become hurricanes and 4-6 were predicted to be major hurricanes of Category 3 strength or higher (over 110 miles per hour).<sup>31</sup> (The average Atlantic hurricane season, according to NOAA, averages 11 named storms, with 6 becoming hurricanes, and 2 of these major hurricanes.) These predictions proved wrong, however, and this year probably will not reach the average of past years. As of late October 2006, there were nine named storms, including five hurricanes, a relatively weak hurricane season. Early in the season, Tropical Storm Alberto hit Cuba with heavy rains in June, but without significant damage. In August 2006, Tropical Storm Ernesto caused flooding in Haiti and the Dominican Republic.

<sup>30</sup> USAID, Office of U.S. Foreign Disaster Assistance, "Latin American and the Caribbean—Hurricane Season 2005," Fact Sheet #3, FY2006, Nov. 23, 2005.

<sup>31</sup> National Oceanic and Atmospheric Administration, "NOAA: 2006 Atlantic Hurricane Outlook," Press Release, May 22, 2006.



## **U.S. Humanitarian and Reconstruction Assistance**

In response to the devastating 2004 hurricane season, the United States provided immediate humanitarian assistance to several Caribbean nations, especially Grenada, Haiti, and Jamaica, but also the Bahamas, the Dominican Republic, and Cuba. USAID's Office of Foreign Disaster Assistance (OFDA) set up Disaster Assistance Response Teams (DARTs) to respond to the storms, with team members located in the various islands. By the end of October 2004, USAID had provided almost \$23 million in emergency humanitarian assistance, largely for assistance to respond to Hurricane Ivan and Tropical Storm Jeanne. In addition, the 108<sup>th</sup> Congress appropriated \$100 million in emergency assistance (P.L. 108-324) in late October 2004 to provide longer-term reconstruction assistance for Caribbean nations afflicted by the storms.

The reconstruction assistance was targeted as follows: \$42 million for Grenada, \$38 million for Haiti, \$18 million for Jamaica, and \$2 million for other countries affected by the storms. In Grenada, USAID's assistance program had two phases. The first was a short-term program to restore and revitalize rural communities, repair schools and health centers, and reestablish the productive capacity of small and medium-size businesses. The second, longer-term phase focused on rebuilding infrastructure, revitalizing the business sector, and restoring the government's economic management capacity.

In Haiti, the reconstruction program had two major components. A community revitalization component involved road repair, disaster mitigation, water system rehabilitation, drainage and clean up, public building rehabilitation, and household repairs. A rural revitalization component involved hillside stabilization, irrigation, and an early warning system for flooding on the La Quinte River, which flows past Gonaives, the city that was devastated by Tropical Storm Jeanne.

The Jamaica assistance program also had two phases. The first was an immediate recovery program to help repair community infrastructure and help revitalize the agricultural sector. The second phase involved the repair and rebuilding of homes, assistance for business recovery, and the rehabilitation and re-supply of schools. Other smaller hurricane assistance programs targeted affected communities in the Bahamas and Tobago, and also provided assistance to Eastern Caribbean nations to design and implement risk reduction efforts for low-income housing.<sup>32</sup>

In May 2006, GAO issued a report reviewing USAID's \$100 million disaster assistance program for the Caribbean.<sup>33</sup> GAO concluded that USAID had completed many of the activities within a planned one-year timeframe, expending 77% of the assistance by December 2005, but that several factors had hampered the agency's ability to complete all the projects within the timeframe. These factors included severe weather that delayed some projects in Jamaica and Haiti, coordination challenges that negatively affected USAID's completion of construction projects in Grenada and Jamaica, difficulty identifying housing recipients in all three countries, and security challenges in Haiti.

For the 2005 hurricane season, USAID provided about \$12.5 million in disaster assistance to Central American and Caribbean nations as well as Mexico, about \$6.4 million of which was provided by OFDA. Guatemala, which was hard hit by Hurricane Stan, received the bulk of the assistance, \$9.2 million, with \$4 million of that in emergency food assistance. Other countries that received lesser amounts of assistance, ranging from \$1.2 million to \$50,000 in descending

---

<sup>32</sup> USAID, USAID/Jamaica-Caribbean Regional Program. "Hurricane Recovery & Rehabilitation Program for Grenada, Jamaica, and the Caribbean Region," Eleventh Report, November 2005.

<sup>33</sup> U.S. GAO, "Foreign Assistance: USAID Completed Many Caribbean Disaster Recovery Activities, but Several Challenges Hampered Efforts," GAO-06-645, May 2006.

order, were El Salvador, Mexico, Nicaragua, Honduras, Cuba, Grenada, the Bahamas, Haiti, and Costa Rica.<sup>34</sup>

Many of the hurricane recovery and reconstruction projects implemented by USAID in Central America and the Caribbean have included components to strengthen disaster mitigation efforts. For the Hurricane Ivan and Tropical Storm Jeanne recovery programs in the Caribbean, disaster mitigation efforts were an integral part of the reconstruction process. Better building standards were incorporated into the programs. In Haiti, civil protection committees were established and risk management plans were implemented as well as hillside stabilization efforts and early warning systems for floods. Grenadian officials maintain that, while reconstruction is still not complete, the country is better prepared than in past years for withstanding hurricanes.<sup>35</sup>

OFDA also provides support for disaster preparedness and mitigation programs in Latin America and the Caribbean to reduce the loss of life and lessen the economic impact caused by disasters. In the Caribbean, OFDA has provided support to the Caribbean Development Bank since 2000 to establish a disaster mitigation facility that supports activities to reduce risk and losses from disasters in the English-speaking Caribbean. OFDA has also supported efforts of the U.N. Development Program (UNDP) in Haiti to reduce natural hazards faced by vulnerable populations.

According to Adolfo Franco, USAID's Assistant Administrator for Latin America and the Caribbean, OFDA has collaborated with NOAA to improve disaster mitigation efforts in the region. The agencies work with countries in the region to provide state-of-the-art hurricane warnings and updates and to improve the capacity of forecasters in the region to provide early warnings. In the aftermath of the 2004 hurricane season, NOAA also deployed new hurricane buoys to enhance monitoring and forecast storm tracking in the Caribbean. NOAA's National Weather Service (NWS) also issues various forecasts for the Caribbean Basin region, and most weather agencies in the region are in communication with the NWS. Nine Caribbean Basin nations also participate in a cooperative forecasting operations agreement with NOAA's International Activities Office.

## Legislative Initiatives in the 109<sup>th</sup> Congress

### Caribbean-American Heritage Month

**H.Con.Res. 71 (Lee)**, introduced February 17, 2005, passed by the House on June 27, 2005, and by the Senate on February 14, 2006, expresses the sense of Congress that there should be established a Caribbean-American Heritage Month (Subsequently, on June 5, 2006, President Bush proclaimed June as Caribbean-American heritage month.)

### Afro-Descendant Communities

**H.Con.Res. 175 (Rangel)**, introduced June 8, 2005, and passed by the House (382-6, 2 present), and **S.Con.Res. 90 (Dodd)**, introduced May 1, 2006, acknowledge African descendants of the transatlantic slave trade in all of the Americas with an emphasis on descendants in Latin America and the Caribbean, recognize the injustices suffered by these African descendants and recommend

<sup>34</sup> USAID, Office of U.S. Foreign Disaster Assistance, "Latin American and the Caribbean—Hurricane Season 2005," Fact Sheet #3, FY2006, Nov. 23, 2005.

<sup>35</sup> "Grenada Better Prepared for Hurricanes this Year—Minister," *BBC Monitoring Americas*, June 13, 2006.



that the United States and the international community work to improve the situation of Afro-descendant communities in Latin America and the Caribbean.

### **Social Investment and Economic Development Fund**

**H.R. 953 (Menendez)**, introduced February 17, 2005, and **S. 682 (Dodd)**, introduced March 17, 2005, would authorize the establishment of a Social Investment and Economic Development Fund for the Americas to provide assistance to reduce poverty and foster increased economic opportunity in Western Hemisphere countries, including in the Caribbean.

### **Debt**

**H.R. 1130 (Waters)**, introduced March 3, 2005, would provide for the cancellation of debts owed to international financial institutions by eligible poor countries, including the Caribbean nations of Guyana, Haiti, and Jamaica.

### **Education**

**H.R. 5784 (Lee)**, introduced July 13, 2006, would authorize assistance for a United States-Caribbean educational exchange program and for a USAID program to extend and expand existing primary and secondary school initiatives in the Caribbean.

### **Document Requirements**

**P.L. 109-295 (H.R. 5441)**, FY2007 Department of Homeland Security Appropriations, signed into law October 4, 2006; Section 546 of the bill amends the Intelligence Reform and Terrorism Prevention Act of 2004 (P.L. 108-458) by extending the deadline requiring U.S. citizens traveling by land or sea between the United States and Canada, Mexico, Central and South America, the Caribbean, and Bermuda to have passports or other documents denoting identity and citizenship. The deadline was extended from January 1, 2008 to June 1, 2009, or earlier if the Secretary of State and Secretary of Homeland Security jointly certify certain criteria regarding the new document or passport card being developed. (Note: A deadline of January 8, 2007, remains in place for U.S. citizens to have passports for travel by air between the United States and Canada, Mexico, Central and South America, the Caribbean, and Bermuda.)

### **Trade**

**P.L. 109-53 (H.R. 3045)**, the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act; both houses approved in July 2005, and the measure was signed into law August 2, 2005. Two identical bills referred to as the Caribbean Basin Trade Enhancement Act of 2005—**H.R. 1213 (Hyde)**, introduced March 10, 2005, and **S. 704 (Martinez)**, introduced April 5, 2005—would authorize up to \$10 million in FY2006 for the Organization of American States (OAS) to establish a Center for Caribbean Basin Trade and up to \$10 million for the OAS to establish a skills-training program for Caribbean Basin countries. **H.R. 3176 (Menendez)**, introduced June 30, 2005, would amend the Caribbean Basin Economic Recovery Act to provide for preferential treatment for certain apparel articles that are both cut (or knit to shape) and sewn or otherwise assembled in a beneficiary country under the act from fabrics or yarn not widely available in commercial quantities.

## Port Security

**S. 1052 (Stevens)**, the Transportation Security Improvement Act of 2005, introduced May 17, 2005, reported by the Senate Committee on Commerce, Science, and Transportation on February 27, 2006, includes a provision (Section 504) that would establish a program to facilitate implementation of port security antiterrorism measures in foreign countries, with particular emphasis on ports in the Caribbean Basin; identical provisions are included in **S. 2791 (Stevens)**, introduced May 11, 2006. **S. 744 (Nelson, Bill)**, introduced April 11, 2005, would establish a Caribbean Basin Port Assistance Program.

## HIV/AIDS

**P.L. 109-95 (H.R. 1409, Lee)**, introduced March 17, 2005, approved by both houses in October 2005, and signed into law November 8, 2005, amends the Foreign Assistance Act of 1961 to provide assistance for orphans and other vulnerable children in developing countries, including in the Caribbean. **H.R. 164 (Millender-McDonald)**, introduced January 4, 2005, would amend the Foreign Assistance Act of 1961 to provide for the establishment of pediatric centers in certain developing countries, including Guyana, to provide treatment and care for children with HIV/AIDS. **H.R. 945 (Lee)**, introduced February 17, 2005, would provide assistance to combat infectious diseases in Haiti, including HIV/AIDS, and to establish a comprehensive health infrastructure. **S. 600 (Lugar)**, introduced March 10, 2005, the Foreign Affairs Authorization Act, FY2006 and FY2007, contains a provision (Section 2516) that would add 14 Caribbean countries to the list of focus countries targeted for increased HIV/AIDS assistance. The list already includes Guyana and Haiti.

## Tsunami Detection and Warning

**P.L. 109-13 (H.R. 1268)**, Emergency Supplemental for FY2005, signed into law May 11, 2005, provided \$10.2 million for buoys for the Pacific and Atlantic Oceans, Gulf of Mexico, and Caribbean Sea for observing ocean conditions at depth. Several legislative initiatives have been introduced in the 109<sup>th</sup> Congress regarding support for a U.S. tsunami detection and warning system, including in the Caribbean region. These include **S. 50 (Inouye)**, passed by the Senate July 11, 2005; **H.R. 1674 (Boehlert)**, reported by the House Committee on Science September 28, 2006; and **S. 1753 (DeMint)**, introduced September 22, 2005, and reported by the Committee on Commerce, Science, and Transportation December 8, 2005 (S.Rept. 109-204). For analysis of these initiatives, and information on additional legislative initiatives, see CRS Report RL32739, *Tsunamis: Monitoring, Detection, and Early Warning Systems*, by Wayne A. Morrissey.

## Commercial Whaling

**H.Con.Res. 441 (DeFazio)**, introduced June 29, 2006, would express the sense of Congress regarding the “regrettable” votes cast by certain Caribbean countries (Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines) for a resumption of commercial whaling at the 58<sup>th</sup> annual International Whaling Commission meeting in St. Kitts in June 2006.

## Cuba

Numerous legislative initiatives have been introduced in the 109<sup>th</sup> Congress regarding Cuba’s human rights situation, U.S. economic sanctions (including the overall embargo, travel restrictions, and restrictions on financing for U.S. agricultural exports to Cuba), and radio and

television broadcasting. For a listing of legislative initiatives and action, see CRS Report RL32730, *Cuba: Issues for the 109<sup>th</sup> Congress*, by Mark P. Sullivan.

## Guyana

**H.Res. 792 (Meeks)**, approved by the House by voice vote on June 12, 2006, recognizes the 40<sup>th</sup> anniversary of Guyana's independence and extends best wishes to Guyana for peace and further development, progress, and prosperity. **H.Con.Res. 74 (Meeks)**, introduced February 17, 2005, would express the sense of Congress with respect to the urgency of providing adequate assistance to Guyana, devastated by severe flooding. Also see **H.R. 164** in the "HIV/AIDS in the Caribbean" section above; and **H.R. 1130** in the "General" section above.

## Haiti

Numerous legislative initiatives have been introduced in the 109<sup>th</sup> Congress regarding Haiti, including on migration, reconstruction assistance, health assistance, and on the establishment of an independent commission examining the U.S. role in the 2004 "coup" in Haiti. For a listing of legislative initiatives and action, see CRS Report RL32294, *Haiti: Developments and U.S. Policy Since 1991 and Current Congressional Concerns*, by Maureen Taft-Morales and Clare Ribando Seelke.

## Jamaica

**H.Res. 727 (Waters)**, introduced March 14, 2006, would congratulate Portia Simpson Miller for becoming the first female Prime Minister-designate of Jamaica. **H.Con.Res. 362 (Jackson-Lee)**, introduced March 16, 2006, would congratulate Prime Minister Portia Simpson Miller for becoming the first democratically elected female Prime Minister of Jamaica.

## Montserrat

Two bills—**H.R. 342 (Owens)**, introduced January 25, 2005, and **S. 297 (Schumer)**, introduced February 7, 2005, would provide for adjustment of immigration status for certain aliens granted temporary protected status in the United States because of conditions in Montserrat.

## For Additional Reading

CRS Report RL33337, *Article 98 Agreements and Sanctions on U.S. Foreign Aid to Latin America*, by Clare Ribando Seelke.

CRS Report RL32322, *Central America and the Dominican Republic in the Context of the Free Trade Agreement (DR-CAFTA) with the United States*, by K. Larry Storrs et al.

CRS Report RL32730, *Cuba: Issues for the 109<sup>th</sup> Congress*, by Mark P. Sullivan.

CRS Report RS21718, *Dominican Republic: Political and Economic Conditions and Relations with the United States*, by Rebecca G. Rush and Clare Ribando Seelke.

CRS Report RL31870, *The Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR)*, by J. F. Hornbeck.

CRS Report RS21930, *Ethanol Imports and the Caribbean Basin Initiative (CBI)*, by Brent D. Yacobucci.

CRS Report RS20864, *A Free Trade Area of the Americas: Major Policy Issues and Status of Negotiations*, by J. F. Hornbeck.

CRS Report RL32294, *Haiti: Developments and U.S. Policy Since 1991 and Current Congressional Concerns*, by Maureen Taft-Morales and Clare Ribando Seelke.

CRS Report RL32001, *HIV/AIDS in the Caribbean and Central America*, by Mark P. Sullivan.

CRS Report RS22372, *Jamaica: Political and Economic Conditions and U.S. Relations*, by Mark P. Sullivan.

CRS Report 98-684, *Latin America and the Caribbean: Fact Sheet on Leaders and Elections*, by Mark P. Sullivan and Julissa Gomez-Granger.

CRS Report RL33693, *Latin America: Energy Supply, Political Developments, and U.S. Policy Approaches*, by Mark P. Sullivan, Rebecca G. Rush, and Clare Ribando Seelke.

CRS Report RL32733, *Latin America and the Caribbean: Issues for the 109th Congress*, coordinated by Mark P. Sullivan.

CRS Report RL33162, *Trade Integration in the Americas*, by M. Angeles Villarreal.

CRS Report RL33200, *Trafficking in Persons in Latin America and the Caribbean*, by Clare Ribando Seelke.

CRS Report RL32739, *Tsunamis: Monitoring, Detection, and Early Warning Systems*, by Wayne A. Morrissey.

CRS Report RL32487, *U.S. Foreign Assistance to Latin America and the Caribbean*, by Connie Veillette, Clare Ribando Seelke, and Mark P. Sullivan.

**Table I. Caribbean Countries: Basic Facts**

Country	Area (sq. miles)	Population (2004, thousands)	Per Capita Income (U.S. \$, 2004 est.)	Adult Literacy Rate (%ages 15 and above, 2003 est.)
Antigua and Barbuda	170	80	10,000	85.8
Bahamas	5,382	320	14,920	95.5
Barbados	166	272	9,270	99.7
Belize	8,867	283	3,940	76.9
Cuba	44,200	11,365	<sup>a</sup>	96.9
Dominica	290	71	3,650	88.0
Dominican Republic	18,704	8,900	2,080	87.7
Grenada	133	106	3,760	96.0
Guyana	82,980	772	990	96.5
Haiti	10,714	8,600	390	51.9
Jamaica	4,244	2,700	2,900	87.6
St. Kitts and Nevis	101	47	7,600	97.8
St. Lucia	238	164	4,310	90.1
St. Vincent	130	108	3,650	88.1

Country	Area (sq. miles)	Population (2004, thousands)	Per Capita Income (U.S. \$, 2004 est.)	Adult Literacy Rate (%ages 15 and above, 2003 est.)
Suriname	63,037	443	2,250	88.0
Trinidad and Tobago	1,980	1,323	8,580	98.5

**Sources:** Area statistics are drawn from the U.S. Department of State Background Notes for each country; population and per capita income statistics are from the World Bank's *World Development Report 2006*; adult literacy rates are from the United Nations' *Human Development Report 2005*.

a. Estimated by the World Bank to be between \$826-\$3,255.

**Table 2. Caribbean Leaders and Elections**

Country	Head of Government	Last Election	Next Election
Antigua & Barbuda	SPENCER, Baldwin	Mar. 23, 2004	by Mar. 2009
Bahamas	CHRISTIE, Perry	May 2002	by May 2007
Barbados	ARTHUR, Owen	May 21, 2003	by May 2008
Belize	MUSA, Said	Mar. 5, 2003	by Mar. 2008
Cuba	CASTRO, Fidel	<sup>a</sup>	<sup>a</sup>
Dominica	SKERRITT, Roosevelt	May 5, 2005	by May 2010
Dominican Republic	FERNANDEZ, Leonel	May 16, 2004	May 2008
Grenada	MITCHELL, Keith	Nov. 27, 2003	by Nov. 2008
Guyana	BHARRAT, Jagdeo	Aug. 28, 2006	by Dec. 2011
Haiti	PRÉVAL, René	Feb. 7, 2006	2011
Jamaica	SIMPSON MILLER, Portia <sup>b</sup>	Oct. 2002	by Oct. 2007
St. Kitts & Nevis	DOUGLAS, Denzil	Oct. 25, 2004	by Oct. 2009
St. Lucia	ANTHONY, Kenny	Dec. 2001	by Dec. 2006
St. Vincent & the Grenadines	GONSALVES, Ralph	Dec. 7, 2005	by Mar. 2010
Suriname	VENETIAAN, Ronald	May 25, 2005	May 2010
Trinidad & Tobago	MANNING, Patrick	Oct. 7, 2002	by Oct. 2007

a. Castro has served as head of government since the 1959 Cuban Revolution. Since that time, there have been no elections for head of government.

b. Portia Simpson Miller was sworn in as Prime Minister in March 30, 2006, after replacing out-going Prime Minister P.J. Patterson as leader of the ruling People's National Party.

**Table 3. U.S. Imports from Caribbean Countries**

(U.S. \$ millions)

Country	1984	2002	2003	2004	2005
Antigua and Barbuda	7.898	3.527	12.767	4.366	4.414
Bahamas	1,154.282	449.697	479.305	637.687	699.936
Barbados	252.598	34.438	43.428	36.882	31.904
Belize	42.843	77.668	101.443	107.020	98.265

Country	1984	2002	2003	2004	2005
Dominica	.086	4.670	5.252	2.883	3.344
Dom. Republic	994.427	4,168.881	4,455.230	4,527.100	4,603.684
Grenada	.766	6.886	7.602	5.101	5.853
Guyana	74.417	115.615	118.690	122.398	119.931
Haiti	377.413	255.007	332.340	370.681	447.217
Jamaica	396.949	396.317	422.749	319.737	375.572
St. Kitts and Nevis	23.135	48.627	44.588	41.709	49.719
St. Lucia	7.397	19.180	12.999	14.281	32.397
St. Vincent	2.958	16.475	4.142	4.125	15.650
Suriname <sup>a</sup>	104.636	132.722	140.064	140.820	165.346
Trinidad and Tobago	1,360.106	2,440.304	4,333.753	5,842.170	7,890.884
<b>Total</b>	<b>4,799.911</b>	<b>8,170.014</b>	<b>10,514.352</b>	<b>12,176.96</b>	<b>14,544.116</b>

**Source:** 1984 statistics are from U.S. International Trade Commission, *The Impact of the Caribbean Basin Economic Recovery Act, Fifteenth Report*, 1999-2000, September 2001; 2000-2005 trade statistics are from the Department of Commerce, as presented by World Trade Atlas.

a. Suriname has not been a beneficiary of the Caribbean Basin Initiative preferential trade program.

**Table 4. U.S. Exports to Caribbean Countries**

(U.S. \$ millions)

Country	2001	2002	2003	2004	2005
Antigua and Barbuda	95.526	81.359	127.314	125.745	190.447
Bahamas	1,026.342	975.309	1,074.694	1,185.751	1,786.740
Barbados	286.613	267.646	300.095	348.432	394.920
Belize	173.167	137.667	198.808	151.832	217.563
Cuba	7.096	145.649	259.127	404.141	369.035
Dominica	30.690	44.972	34.332	35.989	61.540
Dominican Republic	3,757.045	4,250.068	4,205.449	4,358.279	4,718.733
Grenada	59.873	56.406	68.420	70.103	82.440
Guyana	141.252	128.208	117.148	138.411	176.705
Haiti	550.383	573.185	639.441	672.978	709.621
Jamaica	1,405.522	1,420.187	1,469.545	1,430.780	1,700.769
St. Kitts and Nevis	46.338	49.461	58.768	60.322	94.069
St. Lucia	86.743	99.499	119.544	105.297	135.389
St. Vincent	38.836	40.449	46.216	45.462	45.411
Suriname	155.306	124.757	192.655	179.189	245.701
Trinidad and Tobago	1,087.143	1,020.211	1,063.297	1,207.578	1,416.748
<b>Total</b>	<b>8,947.875</b>	<b>9,415.033</b>	<b>9,974.853</b>	<b>10,520.289</b>	<b>12,345.831</b>

**Source:** Trade statistics are from the Department of Commerce, as presented by World Trade Atlas.

**Table 5. U.S. Foreign Assistance to the Caribbean, FY2003-FY2007**

(U.S. \$ millions)

Country	FY2003	FY2004	FY2005	FY2006 (estimate)	FY2007 (request)
Bahamas	1.336	1.264	1.294	2.512	0.805
Belize	2.046	2.082	2.799	2.251	2.289
Cuba	6.000	21.369	8.928	10.890	9.000
Dominican Republic	28.099	33.968	28.652	27.108	35.007
Guyana	8.407	11.590	20.255	23.965	31.009
Haiti	71.887	132.324	182.717	194.384	198.039
Jamaica	22.337	24.186	22.459	19.472	16.617
Suriname	1.397	1.471	1.486	1.627	3.000
Trinidad and Tobago	0.540	0	0.049	1.028	2.894
Caribbean Regional	13.008	10.310	110.909	11.326	11.640
Eastern Caribbean <sup>a</sup>	4.255	6.900	4.958	4.813	4.774
Third Border	3.000	4.976	8.928	2.970	3.000
OAS Special Mission in Haiti	—	4.971	—	—	—
Operation Enduring Friendship	—	—	—	3.960	4.000
Total	162.312	255.411	393.434	306.306	322.074

**Source:** U.S. Department of State, FY2004-FY2007 Congressional Budget Justifications for Foreign Operations.

- a. The Eastern Caribbean category funds military assistance and Peace Corp programs for seven countries. Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. Development assistance for these nations is funded under U.S. AID's Caribbean Regional program.

**Table 6. U.S. Foreign Assistance to the Caribbean FY2006 Estimates and FY2007 Requests**

(\$ in millions)

Country	DA	CSH	GHA1	ESF	PL 480	IMET	INL	FMF	Other	Total
Bahamas										
FY2006	—	—	—	—	—	.39	.50	.10	1.53	2.52
FY2007 Req.	—	—	—	—	—	.23	.50	.08	—	0.81
Belize										
FY2006	—	—	—	—	—	.20	—	.20	1.86	2.26
FY2007 Req.	—	—	—	—	—	.25	—	.18	1.87	2.30
Cuba										
FY2006	1.98	—	—	8.91	—	—	—	—	—	10.89
FY2007 Req.	—	—	—	9.00	—	—	—	—	—	9.00
Dominican Republic										
FY2006	7.07	12.72	—	1.98	—	1.29	—	.94	3.12	27.12



Country	DA	CSH	GHAI	ESF	PL 480	IMET	INL	FMF	Other	Total
FY2007 Req.	6.01	11.34	—	12.00	—	1.09	—	.73	3.85	35.02
Guyana										
FY2006	3.96	—	18.00	—	—	.30	—	.10	1.61	23.97
FY2007 Req.	4.00	—	25.00	—	—	.32	—	.08	1.61	31.01
Haiti										
FY2006	29.70	19.80	47.30	49.50	31.48	.21	14.85	.99	.55	194.38
FY2007 Req.	23.14	15.81	63.00	50.00	34.50	.25	10.00	.78	.56	198.04
Jamaica										
FY2006	9.58	4.47	—	—	—	.89	.99	.59	2.95	19.47
FY2007 Req.	7.39	2.81	—	—	—	.75	.90	.50	4.27	16.62
Suriname										
FY2006	—	—	—	—	—	.15	—	.10	1.38	1.63
FY2007 Req.	—	—	—	—	—	.15	—	.08	1.47	1.70
Trinidad & Tobago										
FY2006 <sup>a</sup>	—	—	—	—	—	.05	—	—	.98	1.03
FY2007 Req.	—	—	—	—	—	.05	—	—	2.85	2.90
Third Border Initiative										
FY2006	—	—	—	2.97	—	—	—	—	—	2.97
FY2007 Req.	—	—	—	3.00	—	—	—	—	—	3.00
Operation Enduring Friendship										
FY2006	—	—	—	—	—	—	—	3.96	—	3.96
FY2007 Req.	—	—	—	—	—	—	—	4.00	—	4.00
Caribbean Region										
FY2006	4.89	6.44	—	—	—	—	—	—	—	11.33
FY2007 Req.	6.00	5.64	—	—	—	—	—	—	—	11.64
Eastern Caribbean										
FY2006	—	—	—	—	—	.76	—	.89	3.16	4.81
FY2007 Req.	—	—	—	—	—	.77	—	.78	3.23	4.78
Total - FY2006	57.18	43.43	65.30	63.36	31.48	4.24	16.34	8.76	17.14	307.23
Total - FY2007	46.54	35.60	88.00	74.00	34.50	3.86	11.40	7.21	19.71	320.82

**Source:** Figures are drawn from U.S. Department of State Congressional Budget Justification, Summary Tables, Fiscal Year 2007. Table prepared by Connie Veillette, CRS, February 28, 2006. Operation Enduring Friendship includes activities in Panama.

Figure 1. Caribbean Region



Source: Map Resources. Adapted by CRS. (K. Yancey 9/7/04)

## **Author Information**

Mark P. Sullivan  
Specialist in Latin American Affairs

---

## **Disclaimer**

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.